
EXHIBIT 3

The Right Place at the Right Time
Few imagined when we began Entravision five years ago with only a few Spanish-language television and radio stations that the Hispanic population would come to represent the fastest-growing and most vibrant market in the United States.

Census 2000, however, made the importance of the U.S. Hispanic population widely evident. It also affirmed our long-term vision of building a national multimedia company to serve the U.S. Hispanic consumer. The Hispanic population numbered 35.3 million people in 2000, 12.5% of the total U.S. population. One out of every eight Americans is Hispanic.

Census 2000 also revealed that previous U.S. Hispanic population estimates were underestimated by approximately 9%. This underestimation was even more evident in Entravision television markets, where Nielsen Media Research estimates of the Hispanic population were 15% less than actual census figures. Beginning in fourth quarter of 2002, Nielsen will fully incorporate the higher Census 2000 Hispanic figures into their population universe estimates.

Once this happens, the Hispanic population estimates in which our television ratings are derived will be a more accurate reflection of the actual U.S. Hispanic population. We believe that this will result in increased ratings.

Similarly, when the Arbitron Company fully incorporates the Census 2000 data into the measurement samples of our radio markets, our radio stations will benefit from the more accurate U.S. Hispanic population estimates. We believe this will result in higher shares of listening.

As a diversified Spanish-language media company in the United States and the only company that owns both Spanish-language television and radio stations in the United States, Entravision is ideally positioned to benefit from one of the most exciting market opportunities in 21st century America.

2001—A Year of Building

Acquisitions and internal expansion have produced tremendous growth for Entravision over the last five years. Our revenue climbed from \$12 million in 1996 to \$209 million in 2001. Our broadcast cash flow, a key measurement of

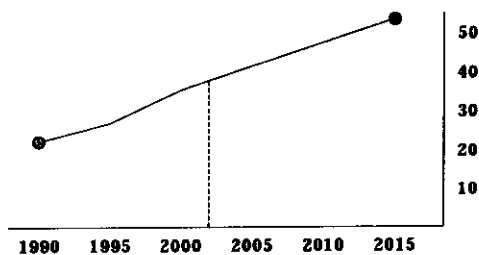
earnings performance, grew from \$4 million to \$66 million over the same period.

A major focus of the company in 2001, therefore, was to integrate the significant acquisitions that produced a major part of this growth and take better advantage of opportunities to promote our interests across our different media platforms.

In the difficult fourth quarter of 2001, our television broadcast group outperformed the entire television industry, proving itself one of the most efficient and best-run television operations in the nation. In the fourth quarter, our television group achieved revenue growth of 8%, while revenue of English-language television broadcasters declined by approximately 20%.

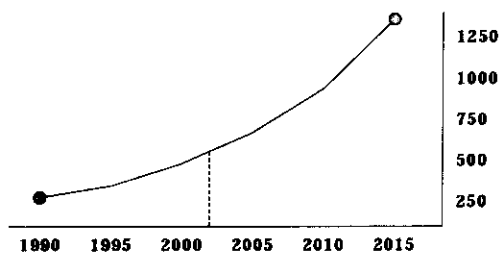
In 2001, we concentrated on bringing to our radio group the same efficient management systems and marketing skills that we previously had implemented in our television group. We were successful in assimilating our entire radio group 54 stations by the end of 2001, into a central management headquarters and studio facility in San Jose, California. Using satellite transmission and advanced technology,

U.S. Hispanic Population
(estimated in millions)



Source: U.S. Census Bureau

U.S. Hispanic Buying Power
(estimated \$ in billions)



Source: "The Hispanic Consumer Market Report in 1999 and Forecasts to 2020," Standard & Poor's DRI, January 2001

we now broadcast the programming for most of our radio stations nationwide from our state-of-the-art facility, giving us significant economies in running our current and any future radio stations that we acquire.

We similarly strengthened the marketing side of our radio operations by forming Lotus/Entravision Reps LLC in August 2001 with a subsidiary of Lotus Communications Corp., a large privately-owned radio broadcast company. Through this alliance, we gained a dedicated national sales force that has significantly improved our national radio sales effort.

Performance in 2001

Entravision performed well for the year despite substantial pressures on our industry caused by the economic downturn that began in 2000 and continued throughout 2001. Rigorous cost control in all of our operations coupled with our strong market positions enabled us to increase our earnings before income taxes, depreciation and amortization ("EBITDA") by 15% in 2001 to \$50.4 million, up from \$43.7 million in 2000. Our net

revenue for 2001 grew by 36% to \$209 million, compared to \$154 million in 2000, while broadcast cash flow grew by 17% to 66.1 million, versus \$56.4 million the year before.

Well Positioned for Future Growth

We have a strong national presence. Our diverse media asset base reaches nearly 80% of all U.S. Hispanics. Our broadcast properties are clustered in U.S. states and cities with some of the fastest-growing and highest-density Hispanic markets, in particular California, Arizona and Texas, and especially cities in those states that border Mexico.

We own and/or operate 9 television and 13 radio stations in six of the most important ports of entry along the U.S./Mexican border. Over 60% of the total population in these six border markets is of Hispanic descent. We also benefit from Mexican advertisers who want to reach audiences on the U.S. side of the border.

Hispanics accounted for 25% or more of the population in 12 of our 25 radio markets. In Los Angeles and New York, where we own approximately 11,200

outdoor facings targeting high-density Hispanic communities, Hispanics made up 40% and 19%, respectively, of the total population in 2000.

In addition to the strategic location of our assets and our diversification by media type and geography, we also benefit over time from the maturing and increased profitability of many of our newer television and radio stations. Included in this group are seven new television stations that we brought on line in 2001.

Regardless of the stage of development, all of our television and radio stations have attractive internal growth curves based on their leading positions in their local markets and the continued strong growth projected for the Hispanic population in our markets.

At year-end, we owned and/or operated 24 primary television stations in the top-50 U.S. Hispanic markets and 41 radio stations in the top-20 U.S. Hispanic markets. Our corporate strategy is to continue to grow our asset base in fast-growing and high-density Hispanic markets. Another aspect of our growth strategy is to add more markets where

we own both television and radio properties and thereby take advantage of cross-promotion opportunities.

Telefutura Network.

a New Income Stream

On January 14, 2002, Univision launched a second national Spanish-language television network, the Telefutura Network, to expand the offerings of its market-leading Univision Network. We are the largest affiliate of both the Univision Network and the Telefutura Network. In addition to six Entravision-owned stations that now are part of the Telefutura Network, we are managing four Univision-owned stations that also broadcast the Telefutura Network's programming.

The Univision Network is the dominant broadcaster of Spanish-language television in the United States, capturing an approximate 81% audience share and broadcasting 97 of the top-100 Spanish-language programs in 2001. The Telefutura Network is expected to increase the total audience for Spanish-language television by giving Hispanic viewers a greater choice in culturally

relevant Spanish-language programs and thereby drawing bilingual Hispanics away from English-language television. While we expect break-even income results for our Telefutura operations in 2002, we anticipate that our Telefutura Network affiliates will provide us with a new and increasingly important income stream in future years.

Entravision has benefited enormously from a close relationship with Univision, which is a major stockholder in our company. In 2001, 23 Entravision television stations were affiliates of the Univision Network as part of long-term contracts. We now account for approximately 25% of the Univision Network's total broadcast distribution.

Future Prospects

Between 1996 and 2001, our net revenue grew at a compound annual growth rate of 77% and our broadcast cash flow at a rate of 75%. Part of this growth has come through acquisitions, but even our same-station rate of growth has consistently been in double digits. We expect to resume our historical pattern of growth over the next few years

through internal and external expansion as attractive acquisition opportunities become available.

Our balance sheet remains strong, with approximately \$19 million in cash at year-end and a conservative 4.7 times debt-to-cash flow ratio. We have a \$600 million credit facility with \$400 million of this facility available to finance new acquisitions.

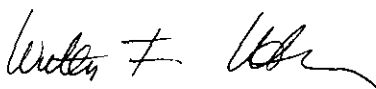
Television will continue to be our core business. We plan to continue to grow our Univision and Telefutura audience bases by acquiring stations in cities with significant Hispanic populations that are not currently served by Univision or Entravision. In radio, we are focusing on additional acquisitions in the top-20 U.S. Hispanic markets and in markets where we already own Univision-affiliated television stations.

The internal building blocks for our future growth are firmly established. Our goals continue to be the achievement of 15% average annual growth in revenue and 20% in broadcast cash flow over the next five-year period.

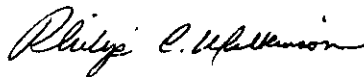
Gratitude to Employees.

Directors and Stockholders

The last year has been one of challenge, hard work and achievement. We are grateful to our employees and directors for their valued contribution to the company's success and to you, our stockholders, for your continued support. We look forward to a long and prosperous future.



**Chairman and
Chief Executive Officer**



**President and
Chief Operating Officer**

April 1, 2002

EXHIBIT 4

[DRAFT - 7/31/02]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

SPANISH BROADCASTING
SYSTEM, INC.,

Plaintiff,

v.

CLEAR CHANNEL
COMMUNICATIONS, INC.,
and HISPANIC BROADCASTING
CORPORATION,

Defendants.

Case No.: 02-21755-CIV-SEITZ

JURY TRIAL DEMANDED

AMENDED COMPLAINT

COMES NOW Plaintiff Spanish Broadcasting System, Inc., and for its Amended Complaint against Defendants Clear Channel Communications, Inc. and Hispanic Broadcasting Corporation, states:

THE PARTIES

1. Plaintiff Spanish Broadcasting System, Inc. ("SBS") is a corporation existing under the laws of Delaware, with its principal place of business in Coconut Grove, Florida.
2. Defendant Clear Channel Communications, Inc. ("CC") is a corporation existing under the laws of Delaware, with its principal place of business in San Antonio, Texas.
3. Defendant Hispanic Broadcasting Corporation ("HBC") is a corporation existing under the laws of Delaware, with its principal place of business in Dallas, Texas. On information and belief, since its formation on February 14, 1997, at least 26% of the capital stock of HBC (including 100% of the Class B shares) has been owned by CC.

JURISDICTION AND VENUE

4. This Court has jurisdiction over the action pursuant to 28 U.S.C. § 1331 and § 1337, because it is an action brought, *inter alia*, under the antitrust laws of the United States.

5. This Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367 over other claims that are so related to claims in the action within the original jurisdiction of the Court that they form part of the same case or controversy.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims occurred in this District.

DEFENDANTS' PREDATORY CONDUCT

7. Defendant CC, by far the largest radio company in the United States with over 1,200 stations in over 300 markets, understands its dominance of the radio industry. CC's web site, without any undue modesty, describes CC's role in the industry as follows: "Clear Channel is radio." (Emphasis in original.)

8. Defendant HBC is the largest Spanish-language radio owner/operator in the Continental United States with 55 stations serving 14 markets. Defendant CC owns 26% of the Class A shares (including 100% of the Class B shares) of Defendant HBC.

9. Plaintiff SBS is the country's largest independent Hispanic-owned radio operator, with 14 stations in 7 markets in the Continental United States.

10. The top 10 markets in the Continental United States with the largest Hispanic population are Los Angeles, New York, Miami, Chicago, Houston, San Francisco, Dallas, San Antonio, Phoenix, and Brownsville. SBS currently operates radio stations in all of those markets except for Houston, Phoenix and Brownsville. HBC currently operates radio stations in all of those markets.

11. SBS and HBC are the leading companies in the operation of Spanish-language radio stations in those markets.

12. SBS was founded in 1983. HBC resulted from the 1997 merger of two predecessor Spanish-language radio companies (Heftel Broadcasting Corporation – owned by CC – and Tichenor Media System, Inc.). SBS and HBC have expanded rapidly in the past few years. That growth has paralleled the recent rapid growth of the Hispanic population in the United States.

13. In order to grow at that pace, SBS has been required to raise capital through public debt and equity offerings. Because radio stations may operate in the United States only if they hold licenses from the Federal Communications Commission (“FCC”), and because most of the limited number of licenses for FM stations in the top 10 Spanish-language radio markets were long ago licensed to English-language stations, which only infrequently are offered for sale, the growth of SBS has been limited by its ability to raise enough capital to acquire stations if and when they become available for sale.

14. In contrast to SBS, HBC has benefited from the financial resources and market supremacy of its parent CC. Throughout the past six years, the broadcasting investment industry has referred in glowing terms to the many “benefits” available to HBC as a result of its relationship with its corporate parent CC as HBC’s “halo” (or the “CC halo effect”). For example, even before HBC was created in early 1997, CC assigned to Heftel the \$10 million option to acquire KSCA-FM in Los Angeles that it misappropriated from SBS (*see* Para. 23.b., *infra*), and CC loaned \$40 million to Tichenor Media to enable it to purchase two FM radio stations in northern California.

15. HBC has also leveraged its relationship with CC (and the possibility that CC would shift to HBC’s outside auditors) to get reduced audit fees from its outside auditors. More recently, HBC benefited from a favorable valuation for its stations by using the same valuation consultant as CC, thereby enabling HBC to avoid the writedowns required by SFAS 142 that most similarly situated radio broadcasting companies recently took.

16. Since it began in 1996 to work on the formation of HBC, CC has both independently and together with HBC taken anti-competitive actions to adversely affect SBS –

HBC's principal competitor - and prevent SBS from competing on a level playing field with HBC.

17. CC's intentions were clear and unambiguous from the start. As CC's Chairman and Chief Executive Officer L. Lowry Mays stated on July 9, 1996, "We went forward for the tender offer for Heftel based on a strong belief in Spanish-language radio and the fact that we were uniquely positioned to consolidate the business. We view the merger of Heftel and Tichenor Media System as the most essential step in the process of consolidating the Spanish-language radio industry."

18. CC took those anticompetitive steps after it was unsuccessful in making SBS the third leg of CC's merger between Heftel and Tichenor Media. On August 22, 1996 (only six weeks after the Heftel-Tichenor Media merger documents were signed), CC's L. Lowry Mays and HBC's Chairman and Chief Executive Officer McHenry Tichenor, Jr. sought and held a meeting with Raul Alarcon, Jr. (Chairman, President and Chief Executive Officer of SBS) and SBS Attorney Jason Shrinsky as part of an unsuccessful effort by CC and/or HBC to acquire SBS before SBS became a public company.

19. CC and HBC continued their efforts to acquire SBS in late October 1996, when Randall Mays (Executive Vice President and Chief Financial Officer of CC and the son of CC's founder and Chairman and Chief Executive Officer Lowry Mays) scheduled a meeting with Shrinsky of SBS, during a media conference they both attended, to discuss CC's continuing interest in acquiring SBS for HBC. Mays suggested to Shrinsky at that meeting that HBC wanted to buy SBS at a considerably lower price than that previously discussed. After Shrinsky told Mays that such a proposal was not a basis for discussion, Mays told Shrinsky that if SBS did not accept CC's offer, CC "will ultimately buy SBS on the bankruptcy court steps."

20. During December 1996, after CC had acquired Heftel and while the merger of Heftel and Tichenor was pending, CC took the first of many steps in realizing Mays' threat and succeeded in injuring SBS by inducing Katz Hispanic Media to breach its long-term contract as SBS' national sales representative in order to become HBC's national sales representative. (As a

result of CC's August 30, 2000, merger with AMFM Radio, Inc. ("AMFM"), CC acquired ownership of Katz Media Group, the largest media representation firm in the United States and the parent of Katz Hispanic Media. On February 28, 2002, HBC and Katz Hispanic Media announced that they had formed a joint marketing organization - HBC Sales Integration, Inc.)

21. Since being rebuffed in their various efforts through the years to acquire SBS, Defendants CC and HBC have continued to interfere with SBS' attempts to raise capital to finance its acquisition of stations. Among the wrongful acts in which CC and HBC have engaged are the following:

a. On beginning work on its initial public offering ("IPO") in May 1999, SBS selected Lehman Brothers ("Lehman") as sole lead manager and selected Merrill Lynch, BT Alex Brown ("BTAB") and CIBC to be the co-managers of SBS' IPO.

b. In late June or early July of 1999, when the IPO was being readied for the market, Randall Mays called Elizabeth Satin (a Managing Director of Lehman who was working on the SBS IPO). In no uncertain terms, Randall Mays told Satin not to go ahead with the SBS IPO because Alarcon was a drug user and/or drug trafficker. When Satin asked Mays why he was focusing exclusively on SBS and not on other Spanish-language radio competitors (such as Radio Unica, which was also launching an IPO at that same time), Randall Mays dismissed the notion that HBC had other competitors and also told Satin that SBS was "the only real competitor to HBC" in the Spanish-language radio market. Mays' unexpected and disparaging allegations precipitated a concerned call from Satin to Shrinsky inquiring whether Mays' assertions were true. Shrinsky had to travel to New York to meet with Satin and Roman Martinez of Lehman. Shrinsky told them that he had known and worked with the Alarcon family for many years, represented that there was no truth in the allegations, and urged Lehman to investigate the allegations. Lehman did so and found them without merit, and the IPO of SBS proceeded.

c. When BTAB was being considered for the SBS IPO underwriting syndicate, Alarcon had inquired whether BTAB's ongoing work for CC/HBC constituted a

conflict and had been assured by Jeff Amling of BTAB (now co-head of the Global Media Investment Banking Group of BTAB's successor Deutsche Bank) that it did not. SBS then selected BTAB instead of alternative co-manager candidates (including Goldman Sachs and Salomon Brothers) and BTAB officially joined the SBS IPO underwriting syndicate.

d. However, a few weeks later (in late July or early August of 1999), Jeff Amling and Drew Marcus of BTAB called Alarcon and Joseph Garcia (the Executive Vice President and Chief Financial Officer of SBS). Amling was emotional and livid in describing to Alarcon and Garcia a telephone call he had received from Randall Mays, who made it clear to Amling that BTAB could not participate in the SBS IPO without endangering its \$30 million in annual fees from CC and HBC. Amling stated that as a result of Randall Mays' threats, BTAB was left with no choice but to withdraw from its IPO work for SBS, leaving only Lehman, Merrill and CIBC in the SBS underwriting syndicate. Roman Martinez, who led Lehman Brothers' work on the SBS IPO, told Alarcon that in his 30 years in the investment banking business, he had never seen a firm agree to participate as a lead underwriter, come to due diligence meetings and then back out at the request of a competitor of the offeror. In fact, prior to Randall Mays' call, BTAB had actively sought participation in the SBS IPO, was excited at the prospect of joining the underwriting syndicate, and had acted as an established leader in radio sector public offerings in seeking to be included in the SBS IPO syndicate. One call from Randall Mays, reminding Amling of CC's financial stranglehold on BTAB's media group, was enough to unhook BTAB from its commitment to participate in the IPO of an HBC competitor and to cause BTAB to act against what -- absent Mays' threat -- was in BTAB's own best interests.

e. On August 13, 1999, in an attempt to cause CC and HBC to cease their anti-competitive behavior and allow the SBS IPO to proceed, Alarcon sent Lowry Mays of CC and Tichenor of HBC a letter complaining about the wrongful actions then known to have been taken by Randall Mays and perhaps others on behalf of HBC and CC to prevent SBS from realizing its IPO. Alarcon's letter was dismissed and never answered by either CC or HBC.

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Despite Alarcon's written protest, which included specific instances of wrongdoing by CC and HBC that, if left uncorrected, could lead to litigation, CC and HBC continued their actions against SBS.

22. Because CC and HBC were unable to prevent SBS' IPO, Defendants thereafter took steps to depress the price of SBS stock in order to achieve several goals, including making it more difficult for SBS to raise additional financing and compete vigorously with HBC and to lower the price that HBC and CC would have to pay to achieve what had always been their ultimate goal – the acquisition of SBS and its elimination as a competitive threat to HBC's dominance of the top 10 markets for Spanish-language radio. Among the wrongful acts in which CC and HBC have engaged are the following:

a. CC and HBC sought to limit or eliminate coverage of SBS stock by leading securities analysts. For example:

i. Although Drew Marcus of BTAB, a leading radio analyst, had promised Alarcon in the telephone call in which BTAB withdrew from the underwriting syndicate that he would make it up to SBS by covering the SBS stock, the promised coverage has never materialized. On information and belief, that failure of coverage resulted from the continuing concern of BTAB that CC and/or HBC would act on their threat of economic retaliation. Just before Marcus introduced SBS' representatives Alarcon and Joseph Garcia to speak on June 4, 2002 at Deutsche Bank's 10th Annual Media Conference in New York City, he responded to Alarcon's inquiry as to when Marcus would commence coverage of SBS by saying, "Raul, as you know, it's been political."

ii. During the SBS IPO, Lehman's broadcasting analyst (Tim Wallace) attended due diligence meetings in anticipation of and preparation for contemplated coverage of SBS. Lehman had persuaded SBS that Lehman should be the lead manager, among other factors, because of Wallace's importance as a radio analyst. In the Summer of 1999, however, Wallace left Lehman to join Bank of America, which was given a prominent role in a November 1999 \$249 million equity offering for HBC. Bank of America had no previous

leading role in HBC financings. On information and belief, Wallace's departure was orchestrated by CC and/or HBC. Consequently, even though Lehman was the lead underwriter on the SBS IPO, Lehman provided no coverage of SBS by a radio analyst for many months after the IPO. As a result, during this crucial pre/post-IPO period, SBS was left with only one radio broadcasting analyst to cover its stock.

iii. Even after Lehman hired William Meyers in June 2000 as a radio analyst and he began covering SBS, CC and HBC continued to attempt to eliminate that coverage. For example, Jeffrey Hinson (Senior Vice President and Chief Financial Officer of HBC) called Meyers and stated that he did not want Meyers covering SBS and threatened that HBC would not provide Meyers with normal analyst access to HBC if he continued to do so.

iv. The efforts of CC and HBC to limit equity analyst coverage of SBS have been successful. A number of other Spanish-language radio and television companies have greater coverage than SBS. On information and belief, the more limited coverage afforded SBS has resulted from pressure placed on those analysts and the investment banks they worked for by CC and/or HBC, which, *inter alia*, threatened that if such coverage were provided, CC and/or HBC would withhold business from the analysts' employers. The limited coverage of SBS stock has had the effect (intended by CC and HBC) of depressing the price of SBS stock below the level that it otherwise would enjoy. To this date, SBS is still only covered by the two analysts -- Meyers of Lehman and Keith Fawcett of Merrill -- who work for SBS' lead underwriters. The goal of CC and HBC in preventing SBS from getting broader equity analyst coverage was to adversely impact SBS' stock price to prevent SBS from being able to compete more vigorously with CC and HBC by making strategic station acquisitions and to reduce the cost of an acquisition of SBS by CC and HBC.

b. In February 2001, HBC initiated discussions with SBS that culminated in HBC's April 4, 2001 offer to acquire the stock of SBS at a price that was less than the break-up value of SBS. Those discussions and that offer were subject to a confidentiality agreement

between SBS and HBC which, on information and belief, HBC breached in discussions with SBS' institutional investors. SBS turned down HBC's offer in early May 2001.

c. After the HBC offer was rejected by SBS, HBC also sought to get investors to sell their SBS stock in a further attempt to depress the price of SBS stock to make it more difficult for SBS to compete with HBC and to reduce the price that CC and HBC would have to offer to acquire SBS. During May and June 2001 -- immediately after the HBC offer had been declined by SBS -- those wrongful actions led to the extraordinarily high turnover of the public float of SBS' stock during that two-month period. Not coincidentally, during the same period, HBC's own stock rose from \$15.69 per share on April 3, 2001 (the day before the confidential merger proposal was presented to SBS) to \$24.75 per share on May 31, 2001, increasing 58% during the same period when a massive amount of SBS stock was being dumped. On information and belief, this unprecedented activity in both the SBS and HBC securities resulted from CC/HBC's wrongful and intentional manipulation of the market -- actions which constituted a breach of the confidentiality agreement that governed the negotiations and consisted of untrue statements concerning SBS' future prospects. Those actions were taken in furtherance of the continuing goal of CC and HBC -- acquiring SBS -- as demonstrated by the May 31, 2001 letter of Tichenor to Alarcon, in which Tichenor reiterated HBC's continuing desire to acquire SBS on the terms previously discussed. This issue was reintroduced in a March 6, 2002 letter from Tichenor.

i. Until it sold a significant portion (over 90%) of its SBS holdings of over 3 million shares in the second quarter of 2001, Putnam Investment Management, Inc. was the second largest institutional SBS shareholder. According to Meyers of Lehman, Tichenor and Hinson of HBC had visited a number of institutional investors in the Boston area (including Putnam) and disparaged SBS to Putnam and otherwise induced Putnam to sell most of its SBS holdings. Putnam is now the largest HBC institutional holder (with over 7 million shares, or about 9% of the publicly traded Class A common shares).

ii. Until it sold all of its SBS holdings in the second and third quarters of 2001, Janus Capital Corp. held nearly 2 million shares and was the fourth largest institutional SBS shareholder. On information and belief, those sales also resulted from disparaging remarks concerning SBS or other inducements made to Janus by CC and/or HBC. Janus is now the fourth largest institutional investor in HBC (with over 4 million shares, or about 5% of the publicly traded Class A common shares).

iii. Other large institutional holders of SBS stock (*e.g.*, Capital Guardian Trust Company, High Rock Capital Management, Crabbe Huson Group, Inc., Awad Asset Management, Stein Roe & Farnham, and Brinson Partners, Inc.) also sold most or all of their SBS holdings in the second and/or third quarters of 2001. On information and belief, those sales also resulted from disparaging remarks concerning SBS or other inducements made to those institutional holders by CC and/or HBC.

iv. On information and belief, disparaging remarks made to institutional holders by Tichenor and Hinson of HBC included false and misleading statements about SBS' financial condition and commercial success. Those HBC officers also told SBS' institutional investors that SBS had turned down HBC's merger proposal, that HBC intended to outspend and undercut SBS in order to "take it out of the picture", and that HBC would be as aggressive as it could be – both over and under the table – and do whatever it took to eliminate SBS as a competitor. HBC's strategic mandate was expressed clearly and forcefully to the SBS institutional investors: since the acquisition of SBS was not possible, HBC was going to destroy SBS.

v. The goal of CC and HBC was to induce institutional investors to sell their holdings of SBS stock. The sales of SBS stock by institutional investors has had the effect of depressing the price at which SBS stock would otherwise be valued in the marketplace. As a result of the successful campaign by CC and HBC to adversely impact SBS' stock price, CC and HBC have achieved their goals of preventing SBS from being able to compete more vigorously with CC and HBC and of reducing the cost of an acquisition of SBS by CC and HBC.

d. CC also sought to injure SBS more recently by requiring HBC to enter into a transaction in which HBC would be acquired by Univision, rather than permitting SBS to continue its settlement negotiations and, potentially, to merge with HBC. Although on April 18, 2002, CC's Lowry Mays assured SBS' Alarcon that SBS' proposal to HBC would be given due consideration consistent with the best interests of HBC's shareholders, it later became clear that Mays was only referring to the best interests of one HBC shareholder – CC. The written timeline for further settlement negotiations with SBS that could lead to SBS' merger with HBC, sent by HBC's Tichenor to SBS' Alarcon on May 31, 2002, was not honored as a result of CC's entering into a voting agreement with Univision in direct violation of CC's obligations to other HBC shareholders and CC's statements to SBS. CC conspired to prevent the potential merger of HBC with SBS in order to avoid the creation of a significant large market competitor that was independent of CC's control, despite the significant value creation HBC shareholders would have realized from the combination with SBS.

23. CC and HBC have also attempted wrongfully to keep SBS from acquiring radio stations or to engage in bidding wars solely for the purpose of making it more expensive for SBS to acquire those stations. Among the wrongful acts in which CC and HBC have engaged are the following:

a. After SBS entered into an agreement on August 22, 1996 to acquire WYSY-FM in Chicago from Infinity Broadcasting Corporation, Farid Suleman (then CFO of Infinity) informed Alarcon that CC and HBC were extremely concerned about SBS' Chicago acquisition. Suleman described to Alarcon a "blocking bid" that Infinity had received from CC and HBC: a turn-key San Francisco FM station in exchange for Suleman's cancellation of SBS' contract to buy the Chicago station, which would then be sold to HBC. Suleman refused to terminate the SBS agreement, and the transaction went through.

b. In 1996, after SBS developed and pursued an innovative proposal to operate a radio station (KSCA-FM) owned by Golden West Broadcasters (the broadcasting arm of Gene Autry) and to acquire the station after his death (which would reduce the seller's taxes),

Lowry Mays of CC (acting on behalf of HBC) wrongfully misappropriated that business opportunity from SBS in the middle of its negotiations with Golden West. CC acquired the option on KSCA-FM (which SBS had painstakingly crafted, during months of negotiations) on December 23, 1996, and then assigned that option to HBC as part of the February 1997 Heftel-Tichenor Media merger that created HBC. KSCA-FM is now HBC's highest rated station in Los Angeles. SBS had to wait several years (until November 2000) to acquire another station of equal coverage in the Los Angeles area, but at a substantially increased price of nearly \$150 million more than the Golden West station.

c. In March 1997, SBS acquired two radio stations (WXDJ-FM and WRMA-FM) that were for sale in Miami. SBS had reached an agreement with the seller on the transaction and then Lowry Mays of CC (acting on behalf of HBC) attempted to get the seller to sell the stations instead to HBC. SBS had to pay a higher price for those stations because of Mays' interference. On information and belief, the purpose of Mays' activity was either to drive up the price paid by SBS or to have HBC misappropriate from SBS the opportunity to acquire the stations. The only way SBS was able to secure the transaction was to offer a multimillion dollar contract to the seller of the two stations to serve as Chief Operating Officer of SBS.

d. In November 2000, SBS entered into an asset purchase agreement with the International Church of the FourSquare Gospel (founded by Aimee Sample McPherson) in Los Angeles. That transaction provided SBS with the radio coverage in the Los Angeles area that it had lost to HBC in the Golden West transaction. (The Golden West and FourSquare stations are both "high-power" FM stations that have broad geographic coverage and rarely become available for sale.) Prior to that transaction, when Hinson of HBC learned that SBS was bidding for the station (KFSG-FM, now KXOL-FM), HBC made a higher offer to FourSquare and engaged in a bidding war with SBS. Hinson also contacted FourSquare's broker in the deal (Randy George of Sterling Associates), requested information concerning the negotiations that Hinson knew was confidential and stated that HBC would be there if SBS defaulted on the deal. Even though George advised Hinson that he could not provide the confidential information requested, Hinson

nevertheless continued to request that information from George. Hinson also contacted George even after SBS had signed its agreement with FourSquare, including during the period in which CC and HBC were attempting to acquire SBS. SBS was able to end that bidding war only by offering \$1 million over any competitive bid, which enabled the FourSquare's Board of Directors to satisfy its fiduciary obligation to sell to the highest bidder. The price for that station was driven up as a result of HBC's interference. On information and belief, the purpose of HBC's activity was to drive up the price paid by SBS rather than to have HBC acquire the station. CC and/or HBC have continued their aggressive attempts to tortiously interfere with the pending transaction for KXOL-FM. Since August 2000, HBC has engaged in an unceasing campaign to disrupt the KXOL-FM transaction, with the specific goal of tortiously interfering with existing agreements between SBS and FourSquare. This interference has consisted of continuing HBC contacts with FourSquare's broker Randy George, as well as with FourSquare itself, in order to propose an alternative HBC transaction and thus misappropriate SBS' opportunity, in which SBS has already invested \$30 million. In late January 2002, HBC made a proposal to FourSquare, offering the use of an HBC station in Los Angeles, as a further enticement for FourSquare's abandoning the SBS transaction and in a further attempt to create other obstacles for SBS to finance the FourSquare transaction.

e. The Los Angeles market is important to HBC (representing about 35% of its cash flow) and SBS' entry into the Los Angeles market by the acquisition of the FourSquare station has resulted in vigorous competition between SBS and HBC in that market, with SBS gradually gaining market share. Tichenor contacted Alarcon on the eve of the debut of SBS' KXOL-FM and proposed "a merger of equals." On February 7, 2001, as part of those discussions, Tichenor said to Alarcon, "This war must end." That comment quickly led to the unsuccessful effort made by CC and HBC to acquire SBS, described earlier in Paragraph 20.b. On information and belief, CC and/or HBC obtained confidential information concerning SBS in connection with the FourSquare negotiations and other SBS proprietary information from Julio Rumbaut (a media broker), who was seeking employment at SBS from Alarcon while

simultaneously negotiating employment with Tichenor of HBC. Throughout the years, Rumbaut has served as a representative of CC and HBC and as a liaison to Randall Mays in other attempts by CC and HBC to acquire SBS. During these discussions, Rumbaut was in frequent email and telephone contact with Randall Mays of CC and insisted to Alarcon that Randall Mays of CC, not Tichenor of HBC, was the person who would make the critical decisions on a potential merger between HBC and SBS.

24. CC and HBC have also attempted to injure SBS by inducing employees under contract to SBS to breach their contracts and work for HBC.

a. In June 2000, the three morning drive show hosts of SBS' station WXDJ-FM in Miami, who had each signed three-year contracts (with one-year non-compete clauses) in early 2000, quit without notice, worked for HBC's internet subsidiary for one year in order to circumvent the non-compete provisions of their contracts (which only limited their radio employment), and then in June 2001 became on-air hosts of HBC's morning drive show on WRTO-FM in Miami.

b. In July 2000, a popular SBS New York morning show host informed SBS' Alarcon that he had been offered a \$1 million contract by HBC COO David Lykes as an enticement to breach the remaining four years on his SBS contract. Alarcon was forced to offer the host an additional \$570,000 per year (to \$700,000 per year) and extend the life of his contract for an additional year.

c. In the Summer of 2001, Bill Tanner (the Executive Vice President of Programming of SBS) was approached by HBC's Chief Operating Officer Gary Stone, who tried to entice Tanner (and through Tanner, Luis Albertini, General Manager of SBS' Los Angeles stations) to leave SBS. Albertini later left SBS and has received funding from Tichenor to form a radio marketing firm.

25. CC effectively controls HBC because CC has veto power over critical HBC activities, as demonstrated by the merger transaction with Univision announced on June 12,

2002. According to the HBC March 3, 1997 Certificate of Incorporation, CC has veto power on any plan or proposal by HBC to:

- a. sell or transfer all or substantially all of its assets or merge with another entity where HBC's pre-merger shareholders would not own at least 50% of the capital stock of the surviving entity;
- b. issue any shares of preferred stock;
- c. amend HBC's certificate of incorporation to adversely affect the shareholder rights of CC's class of stock;
- d. declare or pay any non-cash dividends or any non-cash distribution; and
- e. amend the articles of incorporation concerning HBC's capital stock.

26. In order to increase the number of stations that CC could control beyond the legal limit permitted by the FCC, CC misrepresented to the FCC that: (a) CC did not control HBC; (b) CC's 26% stock ownership interest in HBC is passive; and (c) CC would have no say in determining the composition of the HBC Board of Directors. CC has circumvented those representations to the FCC, thereby negating the regulatory review that permitted CC's ownership of its HBC interest. For example, HBC's five-man Board of Directors still has at least two "independent" members who were appointed by CC to the original HBC Board. Those same two "independent" directors have formed the special committee that passed on the fairness of the Tichenor Media - Heftel merger, and one of those "independent" directors received fees and compensation from CC for banking services rendered to CC in connection with its original tender offer to Heftel. CC's and HBC's blatant disregard of federal law was reflected in CC's anti-competitive scheme to transfer ownership of radio stations in Denver, Phoenix and Austin to HBC as "divestitures" required by the FCC in order for CC to close on its acquisition of AMFM on August 30, 2000. However, that plan was thwarted when the U.S. Department of Justice determined that CC and HBC were sufficiently related entities that CC could not sell the stations to HBC, thereby forcing CC to find other buyers. The previously described activities of Lowry Mays and Randall Mays of CC, acting on behalf of HBC, demonstrate that CC acts for and

controls HBC. The most recent exercise of control by CC over HBC involved CC's requiring HBC to discontinue its negotiations with SBS so that HBC could be acquired by Univision instead. Other occasions on which CC has exercised control over HBC include the negotiations of the purchase of El Dorado Broadcasting in Texas, the purchase of WNWK-FM in Newark, the negotiation of national representation agreements for HBC stations (including the inducement of Katz Hispanic Media to terminate its contract with SBS), discussions with SBS concerning whether SBS would be allowed to bid on stations that CC was required to spin off in order to acquire AMFM, the movement of CC personnel (including General Managers) to HBC stations and the ongoing discussions between CC and Univision (the largest Spanish-language television broadcaster in the United States), which resulted in the merger agreement of Univision and HBC announced on June 12, 2002.

27. On May 16, 2002, in retaliation for SBS' earlier decision to cease its network affiliation with CC on station KPTI-FM (formerly KXJO-FM) in the San Francisco Bay Area (which had formerly simulcast CC's station KSJO-FM in San Jose) and launch an English-language format that competed with CC's station KYLD-FM, representatives of CC defaced and destroyed property at KPTI-FM's studios and offices in Oakland by spray-painting the walls with obscene and pornographic messages and leaving behind KYLD-FM flyers and bumper stickers, as well as a sarcastic letter (signed by the staff of KYLD-FM) "welcoming" KPTI-FM to the Bay Area.

28. CC leverages its market power in radio and other areas of commerce to benefit CC and HBC in all those areas of commerce. CC describes itself as "a global leader in the out-of-home advertising industry" including "radio and television stations, outdoor displays and entertainment venues...." CC has acknowledged that "[b]y seizing the natural relationship between radio and live events, Clear Channel Entertainment leverages the marketing and promotional strength of Clear Channel's Radio and Outdoor advertising platforms...." CC's web site trumpets recent additions to its already entrenched market power: "Clear Channel made radio history in the year 2000, collecting strategic acquisitions and completing mergers designed

to provide the company with a unique, unduplicated collection of assets that cannot be reproduced at any price." CC's web site points to the AMFM merger and CC's acquisition of SFX as important parts of CC's additional growth in market power and ominously forecasts that CC will continue to misuse its market power: "The opportunities for synergies among all these Clear Channel divisions are explosive . . . and are in the very early innings." CC, by its interlaced control of venue promoters, radio stations and billboards, has attempted to preclude or has succeeded in precluding its competitors from competing on a level playing field with CC and its related entities. Those actions by CC led to Senator Feingold's introduction of the "Competition in Radio and Concert Industries Act" on June 27, 2002.

a. For example, CC's August 1, 2000, \$4.4 billion acquisition of SFX, one of the largest outdoor venue companies (for concerts and outdoor events), particularly in top 10 Spanish-language markets, has been used to freeze out other promoters and radio stations from those concert venues as a result of the SFX acquisition. (SFX – now known as Clear Channel Entertainment – produced over 25,000 shows and events in 2000, describes itself as "the world's leading promoter and marketer of live entertainment, . . . with an unparalleled network of over 135 event venues" and boasts that "only one company has the resources to do so much for so many.")

b. Another example involves Clear Channel Entertainment's attempts to force its 50% owned Hispanic entertainment subsidiary to abandon SBS and only advertise on HBC. In early January 2002, Ivan Fernandez of Cardenas-Fernandez Associates (the Hispanic market entertainment promoter that is 50% owned by CC Entertainment) met with Rodney Eckerman of CC Entertainment in Los Angeles to discuss business opportunities for 2002. During the meeting, Eckerman recommended that Cardenas-Fernandez advertise its concerts and events on HBC's radio stations. Eckerman telephoned Tichenor and directed Fernandez to meet with Tichenor to discuss HBC's participation in Cardenas-Fernandez's 2002 business. Subsequently, on January 25, 2002, Fernandez met with Tichenor at the HBC headquarters in Dallas as directed by Eckerman. During that meeting, Tichenor suggested the hiring of a liaison

to better coordinate business between HBC and Cardenas-Fernandez. Fernandez agreed that he would make every attempt to work with HBC. However, Cardenas-Fernandez has continued to attempt to place its advertising to optimize its results (and thus has continued to place some of its advertising on SBS stations). As a result, Cardenas-Fernandez has received pressure from CC Entertainment and HBC to discontinue advertising on SBS stations. HBC's Miami General Manager (Claudia Puig) has called CC Entertainment to complain when a Cardenas-Fernandez event is advertised on an SBS station to attempt to get CC Entertainment to force Cardenas-Fernandez to switch its advertising from SBS stations to HBC stations. If, as appears likely, Cardenas-Fernandez will ultimately be forced by CC Entertainment to cease advertising on SBS stations and advertise instead on HBC stations, SBS will suffer economic harm. Cardenas-Fernandez' total advertising on SBS stations totaled approximately \$1.6 million in 2001. CC's attempt to direct its entertainment division to utilize HBC as its sole advertising vehicle (thereby causing economic harm to SBS) is another example of CC's using its market power (in collusion with HBC) to harm SBS, to steal away SBS' long-time client and to force that client to spend its advertising budgets on HBC stations.

c. Similarly, CC's ownership of over 770,000 outdoor advertising displays has provided HBC with an anticompetitive advantage over SBS in advertising its radio stations.

d. CC has recognized that its market power has exceeded its maximum legal ownership (under FCC regulations) of radio stations and has "parked" stations that CC owned with other companies in order to circumvent FCC limitations on ownership of the number of stations that one company could own in a local market. (CC's parking of stations practices recently led Congressman Howard Berman to write the Department of Justice and the FCC concerning CC's predatory practices and to seek House Judiciary Committee hearings on that subject.) Additionally, on July 10, 2002, the FCC announced that it would conduct hearings on various pending CC radio acquisitions due to competitive concerns.

FIRST CAUSE OF ACTION

(Sherman Act, 15 U.S.C. §2)

29. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

30. As a result of the foregoing activities by Defendants, Plaintiff has been injured in its business and property in violation of Section 2 of the Sherman Act, 15 U.S.C. §2, by virtue of the attempted monopolization by Defendants of the top 10 markets for Spanish-language radio in the United States. Defendants' predatory and anticompetitive conduct has been undertaken as part of their specific attempt to monopolize those markets and there is a dangerous probability that Defendants will succeed in those efforts.

SECOND CAUSE OF ACTION

(Sherman Act, 15 U.S.C. §1)

31. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

32. As a result of the foregoing activities by Defendants, which have conspired with each other in restraint of trade and otherwise engaged in unfair competition with Plaintiff, Plaintiff has been injured in its business and property in violation of Section 1 of the Sherman Act, 15 U.S.C. §1.

THIRD CAUSE OF ACTION(Florida Antitrust Act, F.S.A. §542, *et seq.*)

33. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

34. As a result of the foregoing activities by Defendants, Plaintiff has been injured in its business and property in violation of the Florida Antitrust Act, F.S.A. §542, *et seq.*, by virtue of the attempted monopolization by Defendants of the top 10 markets for Spanish-language radio in the United States. Defendants' predatory and anticompetitive conduct has been undertaken as part of their specific attempt to monopolize those markets and there is a dangerous probability that Defendants will succeed in those efforts.

FOURTH CAUSE OF ACTION(Florida Antitrust Act, F.S.A. §542, *et seq.*)

35. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

36. As a result of the foregoing activities by Defendants, which have conspired with each other in restraint of trade and otherwise engaged in unfair competition with Plaintiff, Plaintiff has been injured in its business and property in violation of the Florida Antitrust Act, F.S.A. §542, *et seq.*

FIFTH CAUSE OF ACTION(California Unfair Competition Act, Cal. Bus. & Prof. Code Sec. 17200, *et seq.*)

37. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

36. As a result of the foregoing activities by Defendants, which have conspired with each other in restraint of trade and otherwise engaged in unfair competition with Plaintiff, Plaintiff has been injured in its business and property in violation of the California Unfair Competition Act, Cal. Bus. & Prof. Code Sec. 17200, *et seq.*

SIXTH CAUSE OF ACTION(Cartwright Act, Cal. Bus. & Prof. Code Sec 16720 *et seq.*)

37. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

38. As discussed above, Defendants, acting in concert and with the purpose and intent of destroying competition, have undertaken a course of predatory and anticompetitive conduct as part of their specific attempt to monopolize the top 10 markets for Spanish-language radio in the United States and there is a dangerous probability that Defendants will succeed in those efforts. By virtue of Defendants' concerted efforts Plaintiff has been injured in its business and property in violation of the Cartwright Act, Cal. Bus. & Prof. Code §16720, *et seq.*

SEVENTH CAUSE OF ACTION

(Tortious Interference)

39. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

40. As discussed more fully above, Defendants knowingly, intentionally and without justification interfered with the business relationships of Plaintiff and as a result Plaintiff has been injured in its business and property.

EIGHTH CAUSE OF ACTION
(Defamation)

41. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

42. As more fully discussed above Defendants knowingly or at the very least negligently, made false statements about Plaintiff in order to induce third parties to take actions that would cause damage to Plaintiff, and Plaintiff has been injured in its business and property as a result of Defendants' defamation.

NINTH CAUSE OF ACTION
(Injurious Falsehood)

43. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

44. Defendants made false statements to third persons, knowing the statements to be false, or at the very least in reckless disregard of their truth or falsity. Defendants made the false statements with the intent of harming the business and property of Plaintiff, and Plaintiff was in fact injured in its business and property thereby.

TENTH CAUSE OF ACTION
(Trade Libel)

45. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

46. Defendants published false statements to third persons, knowing the statements to be false, or at the very least in reckless disregard of their truth or falsity. Defendants made the false statements with the intent of inducing others not to deal with Plaintiff and harming the business and property of Plaintiff, and Plaintiff was in fact injured in its business and property thereby and suffered special damages thereby.

ELEVENTH CAUSE OF ACTION
(Breach of Confidentiality)

47. Plaintiff repeats and realleges the allegations of Paragraphs 1 through 28.

48. Under the confidentiality agreement between Plaintiff and Defendant HBC, Defendant HBC owed Plaintiffs a duty of confidentiality. As more fully discussed above, Defendant HBC breached that duty in that Defendant HBC wrongfully communicated information it acquired pursuant to that agreement to third parties. Defendant HBC's breach of confidentiality resulted in injury and damage to Plaintiff.

JURY DEMAND

49. Pursuant to F.R.Civ.Pr. 38, Plaintiff demands trial by jury of all issues so triable.

WHEREFORE, Plaintiff demands that judgment be taken against Defendants in the amount of its damages to be determined at trial, that Plaintiff also be awarded actual damages in excess of \$500 million (to be trebled, together with its attorney's fees and other costs of this action, to the extent those remedies are authorized by the statutes or common law on which Plaintiff's causes of action are based), that Defendants be enjoined from undertaking any further actions in connection with their violation of law as set forth above, and that Plaintiff be awarded such other and further relief as to the Court deems just and proper.

Dated: Hollywood, Florida, July 31, 2002.

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